

108TH CONGRESS
1ST SESSION

S. 627

To prevent the use of certain payment instruments, credit cards, and fund transfers for unlawful Internet gambling, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 13, 2003

Mr. KYL (for himself, Mr. SHELBY, and Mrs. FEINSTEIN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To prevent the use of certain payment instruments, credit cards, and fund transfers for unlawful Internet gambling, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Unlawful Internet
5 Gambling Funding Prohibition Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

1 (1) Internet gambling is primarily funded
2 through personal use of payment system instru-
3 ments, credit cards, and wire transfers;

4 (2) the National Gambling Impact Study Com-
5 mission in 1999 recommended the passage of legisla-
6 tion to prohibit wire transfers to Internet gambling
7 sites or the banks which represent them;

8 (3) Internet gambling is a growing cause of
9 debt collection problems for insured depository insti-
10 tutions and the consumer credit industry;

11 (4) Internet gambling conducted through off-
12 shore jurisdictions has been identified by United
13 States law enforcement officials as a significant
14 money laundering vulnerability;

15 (5) gambling through the Internet, which has
16 grown rapidly in the half-decade preceding the en-
17 actment of this Act, opens up the possibility of im-
18 mediate, individual, 24-hour access in every home to
19 the full range of wagering opportunities on sporting
20 events or casino-like contests, such as roulette, slot
21 machines, poker, or black-jack; and

22 (6) the extent to which gambling is permitted
23 and regulated in the United States has been pri-
24 marily a matter for determination by individual
25 States and, if applicable, Indian tribes, with Federal

1 law serving to prevent interstate or other attempts
 2 to evade or avoid such determinations.

3 **SEC. 3. PROHIBITION ON ACCEPTANCE OF ANY PAYMENT**
 4 **SYSTEM INSTRUMENT, CREDIT CARD, OR**
 5 **FUND TRANSFER FOR UNLAWFUL INTERNET**
 6 **GAMBLING.**

7 Chapter 53 of title 31, United States Code, is amend-
 8 ed by adding at the end the following:

9 “SUBCHAPTER IV—FUNDING OF ILLEGAL
 10 INTERNET GAMBLING

11 **“§ 5361. Definitions**

12 “For purposes of this subchapter, the following defi-
 13 nitions shall apply:

14 “(1) BET OR WAGER.—The term ‘bet or
 15 wager’—

16 “(A) means the staking or risking by any
 17 person of something of value upon the outcome
 18 of a contest of others, a sporting event, or a
 19 game subject to chance, upon an agreement or
 20 understanding that the person or another per-
 21 son will receive something of value in the event
 22 of a certain outcome;

23 “(B) includes the purchase of a chance or
 24 opportunity to win a lottery or other prize

1 (which opportunity to win is predominantly sub-
2 ject to chance);

3 “(C) includes any scheme of a type de-
4 scribed in section 3702 of title 28, United
5 States Code;

6 “(D) includes any instructions or informa-
7 tion pertaining to the establishment or move-
8 ment of funds in, to, or from an account by the
9 bettor or customer with regard to the business
10 of betting or wagering; and

11 “(E) does not include—

12 “(i) any activity governed by the secu-
13 rities laws (as that term is defined in sec-
14 tion 3(a)(47) of the Securities Exchange
15 Act of 1934) for the purchase or sale of se-
16 curities (as that term is defined in section
17 3(a)(10) of such Act);

18 “(ii) any transaction conducted on or
19 subject to the rules of a registered entity
20 or exempt board of trade pursuant to the
21 Commodity Exchange Act;

22 “(iii) any over-the-counter derivative
23 instrument;

24 “(iv) any other transaction that—

1 “(I) is excluded or exempt from
 2 regulation under the Commodity Ex-
 3 change Act; or

4 “(II) is exempt from State gam-
 5 ing or bucket shop laws under section
 6 12(e) of the Commodity Exchange Act
 7 or section 28(a) of the Securities Ex-
 8 change Act of 1934;

9 “(v) any contract of indemnity or
 10 guarantee;

11 “(vi) any contract for insurance;

12 “(vii) any deposit or other transaction
 13 with an insured institution;

14 “(viii) any participation in a simula-
 15 tion sports game, or an educational game
 16 or contest, that—

17 “(I) is not dependent solely on
 18 the outcome of any single sporting
 19 event or nonparticipant’s singular in-
 20 dividual performance in any single
 21 sporting event;

22 “(II) has an outcome that re-
 23 flects the relative knowledge and skill
 24 of the participants, with such outcome
 25 determined predominantly by accumu-

1 lated statistical results of sporting
2 events; and

3 “(III) offers a prize or award to
4 a participant that is established in ad-
5 vance of the game or contest and is
6 not determined by the number of par-
7 ticipants or the amount of any fees
8 paid by those participants; or

9 “(ix) any lawful transaction with a
10 business licensed or authorized by a State.

11 “(2) BUSINESS OF BETTING OR WAGERING.—
12 The term ‘business of betting or wagering’ does not
13 include, other than for purposes of section 5366, any
14 creditor, credit card issuer, insured institution, or
15 other financial institution, operator of a terminal at
16 which an electronic fund transfer may be initiated,
17 money transmitting business, or international, na-
18 tional, regional, or local network utilized to effect a
19 credit transaction, electronic fund transfer, stored
20 value product transaction, or money transmitting
21 service, or any participant in such network, or any
22 interactive computer service or telecommunications
23 service.

24 “(3) DESIGNATED PAYMENT SYSTEM.—The
25 term ‘designated payment system’ means any system

1 utilized by any creditor, credit card issuer, financial
2 institution, operator of a terminal at which an elec-
3 tronic fund transfer may be initiated, money trans-
4 mitting business, or international, national, regional,
5 or local network utilized to effect a credit trans-
6 action, electronic fund transfer, stored value product
7 transaction, or money transmitting service, or any
8 participant in such network, that the Secretary, in
9 consultation with the Board of Governors of the
10 Federal Reserve System and the Attorney General of
11 the United States, determines, by regulation or
12 order, could be utilized in connection with, or to fa-
13 cilitate, any restricted transaction.

14 “(4) INTERNET.—The term ‘Internet’ means
15 the international computer network of interoperable
16 packet switched data networks.

17 “(5) INTERACTIVE COMPUTER SERVICE.—The
18 term ‘interactive computer service’ has the same
19 meaning as in section 230(f) of the Communications
20 Act of 1934.

21 “(6) OFFICE.—The term ‘Office’ means the Of-
22 fice of Electronic Funding Oversight, established
23 under section 5362.

24 “(7) RESTRICTED TRANSACTION.—The term
25 ‘restricted transaction’ means any transaction or

transmittal involving any credit, funds, instrument,
or proceeds described in any paragraph of section
5363 which the recipient is prohibited from accept-
ing under section 5363.

“(8) SECRETARY.—The term ‘Secretary’ means
the Secretary of the Treasury.

“(9) UNLAWFUL INTERNET GAMBLING.—The
term ‘unlawful Internet gambling’ means the plac-
ing, receipt, or other transmission of a bet or wager
by any means which involves the use, at least in
part, of the Internet, where such bet or wager is un-
lawful under any applicable Federal or State law in
the State in which the bet or wager is initiated, re-
ceived, or otherwise made.

“(10) OTHER TERMS.—

“(A) CREDIT; CREDITOR; CREDIT CARD;
AND CARD ISSUER.—The terms ‘credit’, ‘cred-
itor’, ‘credit card’, and ‘card issuer’ have the
same meanings as in section 103 of the Truth
in Lending Act.

“(B) ELECTRONIC FUND TRANSFER.—The
term ‘electronic fund transfer’—

“(i) has the same meaning as in sec-
tion 903 of the Electronic Fund Transfer
Act, except that such term includes trans-

1 fers that would otherwise be excluded
2 under section 903(6)(E) of that Act; and

3 “(ii) includes any fund transfer cov-
4 ered by Article 4A of the Uniform Com-
5 mercial Code, as in effect in any State.

6 “(C) FINANCIAL INSTITUTION.—The term
7 ‘financial institution’ has the same meaning as
8 in section 903 of the Electronic Fund Transfer
9 Act, except that such term does not include a
10 casino, sports book, or other business at or
11 through which bets or wagers may be placed or
12 received.

13 “(D) INSURED INSTITUTION.—The term
14 ‘insured institution’ means—

15 “(i) an insured depository institution,
16 as defined in section 3 of the Federal De-
17 posit Insurance Act; and

18 “(ii) an insured credit union, as de-
19 fined in section 101 of the Federal Credit
20 Union Act.

21 “(E) MONEY TRANSMITTING BUSINESS
22 AND MONEY TRANSMITTING SERVICE.—The
23 terms ‘money transmitting business’ and
24 ‘money transmitting service’ have the same
25 meanings as in section 5330(d) (determined

1 without regard to any regulations issued by the
 2 Secretary thereunder).

3 **“§ 5362. Office of electronic funding oversight; poli-**
 4 **cies and procedures to identify and pre-**
 5 **vent restricted transactions**

6 “(a) ESTABLISHMENT OF TREASURY OFFICE.—

7 “(1) IN GENERAL.—There is established within
 8 the Department of the Treasury, the Office of Elec-
 9 tronic Funding Oversight, the purposes of which
 10 are—

11 “(A) to coordinate Federal efforts to pro-
 12 hibit restricted transactions; and

13 “(B) otherwise to carry out the duties of
 14 the Office, as specified in this subchapter.

15 “(2) DIRECTOR.—The Office shall be headed by
 16 a Director, appointed by the Secretary. The director
 17 of the Office may serve as the designee of the Sec-
 18 retary, at the request of the Secretary, for any pur-
 19 pose under this subchapter.

20 “(b) REGULATIONS.—Not later than 6 months after
 21 the date of enactment of this subchapter, the Office, in
 22 consultation with the Board of Governors of the Federal
 23 Reserve System and the Attorney General of the United
 24 States, shall prescribe regulations requiring any des-
 25 ignated payment system, and all participants therein, to

1 establish policies and procedures reasonably designed to
2 identify and prevent restricted transactions through the
3 establishment of policies and procedures that—

4 “(1) allow the payment system and any person
5 involved in the payment system to identify restricted
6 transactions by means of codes in authorization mes-
7 sages or by other means;

8 “(2) block restricted transactions identified as a
9 result of the policies and procedures developed pur-
10 suant to paragraph (1); and

11 “(3) prevent the acceptance of the products or
12 services of the payment system in connection with a
13 restricted transaction.

14 “(c) REQUIREMENTS FOR POLICIES AND PROCE-
15 DURES.—In prescribing regulations pursuant to sub-
16 section (b), the Office shall—

17 “(1) identify types of policies and procedures,
18 including nonexclusive examples, which would be
19 deemed to be ‘reasonably designed to identify’ and
20 ‘reasonably designed to block’ or to ‘prevent the ac-
21 ceptance of the products or services’ with respect to
22 each type of transaction, such as, should credit card
23 transactions be so designated, identifying trans-
24 actions by a code or codes in the authorization mes-

1 sage and denying authorization of a credit card
2 transaction in response to an authorization message;

3 “(2) to the extent practical, permit any partici-
4 pant in a payment system to choose among alter-
5 native means of identifying and blocking, or other-
6 wise preventing the acceptance of the products or
7 services of the payment system or participant in con-
8 nection with, restricted transactions; and

9 “(3) consider exempting restricted transactions
10 from any requirement imposed under such regula-
11 tions, if the Office finds that it is not reasonably
12 practical to identify and block, or otherwise prevent,
13 such transactions.

14 “(d) COMPLIANCE WITH PAYMENT SYSTEM POLI-
15 CIES AND PROCEDURES.—A creditor, credit card issuer,
16 financial institution, operator of a terminal at which an
17 electronic fund transfer may be initiated, money transmit-
18 ting business, or international, national, regional, or local
19 network utilized to effect a credit transaction, electronic
20 fund transfer, stored value product transaction, or money
21 transmitting service, or a participant in such network,
22 shall be considered to be in compliance with the regula-
23 tions prescribed under subsection (b), if—

1 “(1) such person relies on and complies with
 2 the policies and procedures of a designated payment
 3 system of which it is a member or participant—

4 “(A) to identify and block restricted trans-
 5 actions; or

6 “(B) to otherwise prevent the acceptance
 7 of the products or services of the payment sys-
 8 tem, member, or participant in connection with
 9 restricted transactions; and

10 “(2) such policies and procedures of the des-
 11 ignated payment system comply with the require-
 12 ments of regulations prescribed under subsection
 13 (b).

14 “(e) NO LIABILITY FOR BLOCKING OR REFUSING TO
 15 HONOR RESTRICTED TRANSACTIONS.—A person that is
 16 subject to a regulation prescribed or order issued under
 17 this subchapter and blocks, or otherwise refuses to honor,
 18 a restricted transaction, or as a member of a designated
 19 payment system relies on the policies and procedures of
 20 the payment system, in an effort to comply with regula-
 21 tions prescribed under this section, shall not be liable to
 22 any party for such action.

23 “(f) REGULATORY ENFORCEMENT.—Regulations
 24 issued by the Office under this subchapter shall be en-
 25 forced by the Federal functional regulators and the Fed-

1 eral Trade Commission, in the manner provided in section
 2 505(a) of the Gramm-Leach-Bliley Act.

3 **“§ 5363. Prohibition on acceptance of any bank in-**
 4 **strument for unlawful Internet gambling**

5 “No person engaged in the business of betting or wa-
 6 gering may knowingly accept, in connection with the par-
 7 ticipation of another person in unlawful Internet gam-
 8 bling—

9 “(1) credit, or the proceeds of credit, extended
 10 to or on behalf of such other person (including credit
 11 extended through the use of a credit card);

12 “(2) an electronic fund transfer or funds trans-
 13 mitted by or through a money transmitting business,
 14 or the proceeds of an electronic fund transfer or
 15 money transmitting service, from or on behalf of
 16 such other person;

17 “(3) any check, draft, or similar instrument
 18 which is drawn by or on behalf of such other person
 19 and is drawn on or payable at or through any finan-
 20 cial institution; or

21 “(4) the proceeds of any other form of financial
 22 transaction, as the Secretary may prescribe by regu-
 23 lation, which involves a financial institution as a
 24 payor or financial intermediary on behalf of or for
 25 the benefit of such other person.

1 **“§ 5364. Civil remedies**

2 “(a) JURISDICTION.—The district courts of the
3 United States shall have original and exclusive jurisdiction
4 to prevent and restrain violations of this subchapter or
5 the rules or regulations issued under this subchapter by
6 issuing appropriate orders in accordance with this section,
7 regardless of whether a prosecution has been initiated
8 under this subchapter.

9 “(b) PROCEEDINGS.—

10 “(1) INSTITUTION BY FEDERAL GOVERN-
11 MENT.—

12 “(A) IN GENERAL.—The United States,
13 acting through the Attorney General, or, in the
14 case of rules or regulations issued under this
15 subchapter, through an agency authorized to
16 enforce such regulations in accordance with this
17 subchapter, may institute proceedings under
18 this section to prevent or restrain a violation or
19 a threatened violation of this subchapter or
20 such rules or regulations.

21 “(B) RELIEF.—Upon application of the
22 United States under this paragraph, the district
23 court may enter a preliminary injunction or an
24 injunction against any person to prevent or re-
25 strain a violation or threatened violation of this
26 subchapter or the rules or regulations issued

1 under this subchapter, in accordance with rule
2 65 of the Federal Rules of Civil Procedure.

3 “(2) INSTITUTION BY STATE ATTORNEY GEN-
4 ERAL.—

5 “(A) IN GENERAL.—The attorney general
6 of a State (or other appropriate State official)
7 in which a violation of this subchapter allegedly
8 has occurred or will occur may institute pro-
9 ceedings under this section to prevent or re-
10 strain the violation or threatened violation.

11 “(B) RELIEF.—Upon application of the at-
12 torney general (or other appropriate State offi-
13 cial) of an affected State under this paragraph,
14 the district court may enter a preliminary in-
15 junction or an injunction against any person to
16 prevent or restrain a violation or threatened
17 violation of this subchapter, in accordance with
18 rule 65 of the Federal Rules of Civil Procedure.

19 “(3) INDIAN LANDS.—

20 “(A) IN GENERAL.—Notwithstanding
21 paragraphs (1) and (2), for a violation of this
22 subchapter or the rules or regulations issued
23 under this subchapter that is alleged to have oc-
24 curred, or may occur, on Indian lands (as that

1 term is defined in section 4 of the Indian Gam-
2 ing Regulatory Act)—

3 “(i) the United States shall have the
4 enforcement authority provided under
5 paragraph (1); and

6 “(ii) the enforcement authorities spec-
7 ified in an applicable Tribal-State compact
8 negotiated under section 11 of the Indian
9 Gaming Regulatory Act shall be carried
10 out in accordance with that compact.

11 “(B) RULE OF CONSTRUCTION.—No provi-
12 sion of this subchapter shall be construed as al-
13 tering, superseding, or otherwise affecting the
14 application of the Indian Gaming Regulatory
15 Act.

16 “(c) EXPEDITED PROCEEDINGS.—In addition to any
17 proceeding under subsection (b), a district court may, in
18 exigent circumstances, enter a temporary restraining
19 order against a person alleged to be in violation of this
20 subchapter or the rules or regulations issued under this
21 subchapter, upon application of the United States under
22 subsection (b)(1), or the attorney general (or other appro-
23 priate State official) of an affected State under subsection
24 (b)(2), in accordance with rule 65(b) of the Federal Rules
25 of Civil Procedure.

1 “(d) LIMITATION RELATING TO INTERACTIVE COM-
2 PUTER SERVICES.—

3 “(1) IN GENERAL.—Relief granted under this
4 section against an interactive computer service
5 shall—

6 “(A) be limited to the removal of, or dis-
7 abling of access to, an online site violating this
8 subchapter, or a hypertext link to an online site
9 violating this subchapter, that resides on a com-
10 puter server that such service controls or oper-
11 ates, except that the limitation in this subpara-
12 graph shall not apply if the service is subject to
13 liability under this section pursuant to section
14 5366;

15 “(B) be available only after notice to the
16 interactive computer service and an opportunity
17 for the service to appear are provided;

18 “(C) not impose any obligation on an
19 interactive computer service to monitor its serv-
20 ice or to affirmatively seek facts indicating ac-
21 tivity violating this subchapter;

22 “(D) specify the interactive computer serv-
23 ice to which it applies; and

1 “(E) specifically identify the location of the
2 online site or hypertext link to be removed or
3 access to which is to be disabled.

4 “(2) COORDINATION WITH OTHER LAW.—An
5 interactive computer service that does not violate
6 this subchapter shall not be liable under section
7 1084 of title 18, United States Code, except that the
8 limitation in this paragraph shall not apply if an
9 interactive computer service has actual knowledge
10 and control of bets and wagers and—

11 “(A) operates, manages, supervises, or di-
12 rects an Internet website at which unlawful bets
13 or wagers may be placed, received, or otherwise
14 made or at which unlawful bets or wagers are
15 offered to be placed, received, or otherwise
16 made; or

17 “(B) owns or controls, or is owned or con-
18 trolled by, any person who operates, manages,
19 supervises, or directs an Internet website at
20 which unlawful bets or wagers may be placed,
21 received, or otherwise made, or at which unlaw-
22 ful bets or wagers are offered to be placed, re-
23 ceived, or otherwise made.

24 “(3) RULE OF CONSTRUCTION.—The provisions
25 of paragraph (2) do not affect any potential liability

1 of an interactive computer service or other person
2 under any provision of title 18, United States Code,
3 other than as specifically provided in paragraph (2).

4 “(e) FACTORS TO BE CONSIDERED IN CERTAIN
5 CASES.—In considering granting relief under this section
6 against any payment system, or any participant in a pay-
7 ment system that is a creditor, credit card issuer, financial
8 institution, operator of a terminal at which an electronic
9 fund transfer may be initiated, money transmitting busi-
10 ness, or international, national, regional, or local network
11 utilized to effect a credit transaction, electronic fund
12 transfer, stored value product transaction, or money
13 transmitting service, or a participant in such network, the
14 court shall consider—

15 “(1) the extent to which the person extending
16 credit or transmitting funds knew or should have
17 known that the transaction was in connection with
18 unlawful Internet gambling;

19 “(2) the history of such person in extending
20 credit or transmitting funds when such person knew
21 or should have known that the transaction is in con-
22 nection with unlawful Internet gambling;

23 “(3) the extent to which such person has estab-
24 lished and is maintaining policies and procedures in

1 compliance with rules and regulations issued under
 2 this subchapter;

3 “(4) the extent to which it is feasible for any
 4 specific remedy prescribed as part of such relief to
 5 be implemented by such person without substantial
 6 deviation from normal business practice; and

7 “(5) the costs and burdens that the specific
 8 remedy will have on such person.

9 “(f) NOTICE TO REGULATORS AND FINANCIAL INSTI-
 10 TUTIONS.—Before initiating any proceeding under sub-
 11 section (b) with respect to a violation or potential violation
 12 of this subchapter or the rules or regulations issued under
 13 this subchapter by any creditor, credit card issuer, finan-
 14 cial institution, operator of a terminal at which an elec-
 15 tronic fund transfer may be initiated, money transmitting
 16 business, or international, national, regional, or local net-
 17 work utilized to effect a credit transaction, electronic fund
 18 transfer, stored value product transaction, or money
 19 transmitting service, or any participant in such network,
 20 the Attorney General of the United States, an attorney
 21 general of a State (or other appropriate State official), or
 22 an agency authorized to initiate such proceeding under
 23 this subchapter, shall—

24 “(1) notify such person, and the appropriate
 25 regulatory agency (as determined in accordance with

1 section 5362(f) for such person) of such violation or
 2 potential violation and the remedy to be sought in
 3 such proceeding; and

4 “(2) allow such person 30 days to implement a
 5 reasonable remedy for the violation or potential vio-
 6 lation, consistent with the factors described in sub-
 7 section (e), and in conjunction with such action as
 8 the appropriate regulatory agency may take.

9 **“§ 5365. Criminal penalties**

10 “(a) IN GENERAL.—Whoever violates this subchapter
 11 or the rules or regulations issued under this subchapter
 12 shall be fined under title 18, United States Code, or im-
 13 prisoned for not more than 5 years, or both.

14 “(b) PERMANENT INJUNCTION.—Upon conviction of
 15 a person under this section, the court may enter a perma-
 16 nent injunction enjoining such person from placing, receiv-
 17 ing, or otherwise making bets or wagers or sending, receiv-
 18 ing, or inviting information assisting in the placing of bets
 19 or wagers.

20 **“§ 5366. Circumventions prohibited**

21 “Notwithstanding section 5361(2), a creditor, credit
 22 card issuer, financial institution, operator of a terminal
 23 at which an electronic fund transfer may be initiated,
 24 money transmitting business, or international, national,
 25 regional, or local network utilized to effect a credit trans-

1 action, electronic fund transfer, stored value product
 2 transaction, or money transmitting service, or any partici-
 3 pant in such network, or any interactive computer service
 4 or telecommunications service, may be liable under this
 5 subchapter if such creditor, issuer, institution, operator,
 6 business, network, or participant has actual knowledge
 7 and control of bets and wagers, and—

8 “(1) operates, manages, supervises, or directs
 9 an Internet website at which unlawful bets or wagers
 10 may be placed, received, or otherwise made, or at
 11 which unlawful bets or wagers are offered to be
 12 placed, received, or otherwise made; or

13 “(2) owns or controls, or is owned or controlled
 14 by, any person who operates, manages, supervises,
 15 or directs an Internet website at which unlawful bets
 16 or wagers may be placed, received, or otherwise
 17 made, or at which unlawful bets or wagers are of-
 18 fered to be placed, received, or otherwise made.”.

19 **SEC. 4. INTERNET GAMBLING IN OR THROUGH FOREIGN**
 20 **JURISDICTIONS.**

21 (a) IN GENERAL.—In deliberations between the
 22 United States Government and any other country on
 23 money laundering, corruption, and crime issues, the
 24 United States Government should—

1 (1) encourage cooperation by foreign govern-
2 ments and relevant international fora in identifying
3 whether Internet gambling operations are being used
4 for money laundering, corruption, or other crimes;

5 (2) advance policies that promote the coopera-
6 tion of foreign governments, through information
7 sharing or other measures, in the enforcement of
8 this Act and the amendments made by this Act; and

9 (3) encourage the Financial Action Task Force
10 on Money Laundering, in its annual report on
11 money laundering typologies, to study the extent to
12 which Internet gambling operations are being used
13 for money laundering purposes.

14 (b) REPORT REQUIRED.—The Secretary of the
15 Treasury shall submit an annual report to Congress on
16 any deliberations between the United States and other
17 countries on issues relating to Internet gambling.

18 **SEC. 5. AMENDMENTS TO CRIMINAL GAMBLING PROVI-**
19 **SIONS.**

20 (a) AMENDMENT TO DEFINITION.—Section 1081 of
21 title 18, United States Code, is amended—

22 (1) by designating the five undesignated para-
23 graphs that begin with “The term” as paragraphs
24 (1) through (5), respectively; and

25 (2) in paragraph (5), as so designated—

1 (A) by striking “wire communication” and
2 inserting “communication”;

3 (B) by inserting “satellite, microwave,”
4 after “cable,”; and

5 (C) by inserting “(whether fixed or mo-
6 bile)” after “connection”.

7 (b) INCREASE IN PENALTY FOR UNLAWFUL WIRE
8 TRANSFERS OF WAGERING INFORMATION.—Section
9 1084(a) of title 18, United States Code, is amended by
10 striking “two years” and inserting “5 years”.

○